

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY )  
FOR APPROVAL OF MODIFICATIONS ) PSC DOCKET NO. 15-1355  
TO ITS GAS COST RATES )  
(FILED AUGUST 27, 2015) )**

**REBUTTAL TESTIMONY OF  
  
ROBERT W. BRIELMAIER  
  
FOR  
  
DELMARVA POWER & LIGHT COMPANY**

**MARCH 3, 2016**

**DELMARVA POWER & LIGHT COMPANY**  
**BEFORE THE**  
**DELAWARE PUBLIC SERVICE COMMISSION**  
**REBUTTAL TESTIMONY OF ROBERT W. BRIELMAIER**  
**DOCKET NO. 15-1355**

1   **Q1.   Please state your name and position.**

2   A1.   My name is Robert Brielmaier. I am the Manager of Gas Operations for Pepco  
3       Holdings, Inc. (PHI). I am testifying on behalf of Delmarva Power & Light Company  
4       (Delmarva or the Company).

5   **Q2.   What is the purpose of your Rebuttal Testimony?**

6   A2.   The purpose of my Rebuttal Testimony is to respond to testimony and  
7       recommendations offered by Witness Mierzwa in his direct testimony and his  
8       response to Company data requests (Set 1).

9   **Q3.   In his direct testimony at page 10, lines 5-16, Staff and DPA Witness Mierzwa**  
10       **recommends the adoption of tariff provisions designed to mitigate the potential**  
11       **for customers to strand pipeline capacity costs when switching from Sales**  
12       **service to Transportation service. Specifically, Mr. Mierzwa recommends the**  
13       **assignment of a portion of the Company's capacity at the Company's weighted**  
14       **average cost of such capacity. Please comment upon Witness Mierzwa's**  
15       **recommendation.**

16   A3.   The Company shares Mr. Mierzwa's desire to mitigate the potential for stranded  
17       costs. To address these types of concerns, the Company's current tariff includes the  
18       payment of transition charges by customers switching to Transportation service.  
19       These transition charges, like Witness Mierzwa's proposal, are designed to mitigate  
20       the potential for stranded capacity held by the Company. In addition, and in

1 accordance with these tariff provisions, the Company executes Service Agreements  
2 with Transportation customers. These Agreements contain a notice provision which is  
3 intended to provide sufficient notice for the Company to manage its gas supply for  
4 customers who would like to return to Sales service. The Company does not object to  
5 a review of its existing tariff provisions and contract provisions in light of current gas  
6 supply and market conditions to determine whether additional protections should be  
7 added to the tariff, including a further evaluation of Witness Mierzwa's recommended  
8 tariff provision. Since such changes will potentially impact many customers, the  
9 Company recommends that the review be conducted in a deliberate manner with input  
10 from Staff, the DPA and customers. To allow adequate time for that review and  
11 analysis, the Company proposes that if such a review is ordered by the Commission,  
12 the Company would submit revisions to its tariff provisions with the filing of its  
13 2016-17 GCR Application in August 2016.

14 **Q4. In his direct testimony at page 3, lines 23-28, Witness Mierzwa states: (a) that**  
15 **the Company is actively pursuing the acquisition of additional capacity to serve**  
16 **Transportation customers that may return to Sales Service, (b) that there is no**  
17 **evidence to indicate that existing Transportation customers will return to Sales**  
18 **Service, and (c) that the Company should not be actively pursuing the**  
19 **acquisition of additional capacity. Does the Company agree with this position?**

20 **A4.** No, the Company does not agree with this position. The Company provided  
21 testimony, through Witness Jacoby, at page 13, lines 18-21, that the Company was  
22 evaluating the potential for additional upstream capacity for two purposes, modest  
23 system growth and to facilitate the potential return of Transportation customers to

1 bundled services. The Company had expressed interest in the Transco Grand Passage  
2 Project but that Project has since been cancelled; therefore, the Company is not  
3 currently pursuing the acquisition of additional long term capacity since there are no  
4 active interstate pipeline projects near the Company citygates. However, the  
5 Company has the obligation, in the exercise of its business judgement, to manage its  
6 gas system and to determine the appropriate time to acquire additional capacity;  
7 therefore, the Company does not accept the position of Staff and DPA that the  
8 Company should not consider acquiring additional capacity when the Company  
9 deems such acquisition to be necessary, or, once acquired, that such capacity should  
10 not be charged to GCR customers.

11 **Q5. In his direct testimony on page 5, lines 5 through 9, Witness Mierzwa states that**  
12 **based upon the current usage characteristics of its customers, Delmarva's**  
13 **capacity entitlements and reserve margin appear to be reasonable. Does the**  
14 **Company have any comments?**

15 **A5.** As noted in Table 1 on page 5 of Witness Mierzwa's testimony, the Company's  
16 Reserve Margin shrinks from 4.1% in 2015-2016 to 2.0 % in 2018-2019. A 2.0%  
17 Reserve Margin is fairly small and the Company is concerned that it will not be  
18 sufficient to service current customers plus accommodate a reasonable amount of  
19 growth. In Docket No. 12-546, the Delaware Public Service Commission approved  
20 the Company's revision to its gas tariff in order to simplify the process for extending  
21 gas service to residential and small business customers. As a result, the Company is  
22 concerned that the current Reserve Margin for 2018-19 may not be sufficient to  
23 accommodate the demand created by this expansion. Therefore, the Company wants

1 to maintain the flexibility to use its business judgment to maintain a satisfactory level  
2 of reserve to serve its current customers as well as accommodate a reasonable amount  
3 of growth.

4 **Q6. In his response to Data Request DPL-03, Witness Mierzwa states that an**  
5 **alternative to long term pipeline capacity is a delivery to citygate supply peaking**  
6 **service. Does the Company consider this a reasonable alternative?**

7 A6. Yes, the Company does consider supply peaking service a viable option for the  
8 acquisition of pipeline capacity and plans to consider this alternative as it exercises its  
9 business judgement in managing gas supply for its customers. However, in its  
10 experience, the Company has found peaking service costs to be prohibitive relative to  
11 the cost of long term capacity and to be limited in availability.

12 **Q7. In his response to Data Request DPL-02, Witness Mierzwa states that with**  
13 **respect to the timing of the acquisition of additional pipeline capacity, such**  
14 **acquisition should coincide as closely as possible with the need to meet the design**  
15 **day requirements of existing Sales customers. Does the Company agree with this**  
16 **position?**

17 A7. Yes, ideally the acquisition of additional pipeline capacity would coincide as closely  
18 as possible with design day requirements. However, there is a need to recognize an  
19 important variable that can impact this matching of capacity and design day  
20 requirements, which is Interstate Pipeline Open Seasons. Open Seasons are periods  
21 when interstate pipelines solicit interest in long term pipeline capacity from  
22 downstream customers, including utilities and electric generators. Open Seasons are  
23 generally 60 days or less in duration, and culminate in binding capacity agreements of

1        15 or 20 years. The timing of the availability of additional long term capacity  
2        through these Open Seasons will not necessarily coincide with the Company's need  
3        for additional capacity. Therefore, the Company must exercise its business judgment  
4        to decide if it should subscribe to additional capacity and in what amount each time  
5        an Open Season with capacity available to its gate stations is offered. The decision as  
6        to whether or not to subscribe will necessarily result in a Reserve Margin that  
7        fluctuates based upon the timing and availability of Firm Capacity.

8  
9        **Q8. Does this conclude your Rebuttal Testimony?**

10      A8.        Yes, it does.

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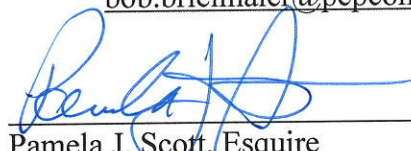
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**CERTIFICATE OF SERVICE**

I hereby certify that on March 3, 2016, I caused a copy of the attached REBUTTAL TESTIMONY OF ROBERT W. BRIELMAIER FOR DELMARVA POWER & LIGHT COMPANY to be served upon the following persons by electronic mail. This testimony was also filed with the Delaware Public Service Commission using the Delafile electronic filing system.

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